

WEBER-BOX ELDER CONSERVATION DISTRICT

Financial Statements and Supplementary Data
December 31, 2006

(With Auditors' Report Thereon)

WEBER-BOX ELDER CONSERVATION DISTRICT

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Independent Auditors' Report

To the Board of Directors
Weber-Box Elder Conservation District
Ogden, Utah

We have audited the accompanying statement of net assets of Weber-Box Elder Conservation District as of December 31, 2006, and the related statement of revenue, expenses and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weber-Box Elder Conservation District at December 31, 2006, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The impact fee information on page 13 is presented for purposes of additional analysis and is not a required part of the District's basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Crane Christensen & Ambrose

June 27, 2007

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MANAGEMENT DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Weber-Box Elder Conservation District's financial performance providing an overview of the District's financial activities for the year ended December 31, 2006. Please read this discussion and analysis in conjunction with the District's financial statements which follow this section.

Overview of the Financial Statements

Weber-Box Elder Conservation District's financial statements consist of the following:

The Statement of Net Assets provides information regarding all assets of the District, such as cash, accounts receivable, prepaid items, debt service trust, investment in a water association, investment in various water companies, water rights, property and equipment, as well as the liabilities of the District, such as accounts payable, long-term debt and deferred revenue. The difference between the assets and liabilities is reported as net assets.

The Statement of Revenue, Expenses and Changes in Net Assets shows all revenue received during the year broken down by user fees, connection fees, interest income, construction fees, inclusion fees, miscellaneous revenue and impact fees. The expenses are summarized by general administrative and overhead, engineering, office salaries and expenses, assessments for water, interest and fiscal charges and depreciation. This statement also shows the net assets at the beginning of the year and at the end of the year.

The Statement of Cash Flows summarizes the flow of cash from operating activities, investment activities as well as capital and related financing activities and provides a reconciliation of operating income to the net cash provided by the operating activities.

Notes to Financial Statements provide detail information regarding organization and summary of significant accounting policies, cash, accounts receivable, investments, accounts payable, long term liabilities, permanent water rights purchased from Weber Basin Water Conservancy District, retirement plans, changes in property and equipment, risk management and adjustments to net assets.

Other Information includes an independent auditors' legal compliance report, schedule of findings and questioned costs, and the report on compliance and on internal control over financial reporting based on an audit of audit of financial statements performed in accordance with government auditing standards.

Condensed Financial Information

Statement of Net Assets

Total net assets were \$8,666,415 at the end of fiscal year 2006. Capital assets at the end of 2006 were \$13,461,324 net of depreciation. Total liabilities were \$9,441,291.

Condensed Statement of Net Assets

<u>Assets</u>	<u>FY 2006</u>
Current assets	\$ 1,205,029
Restricted assets	83,108
Investments	2,803,950
Permanent water rights in Weber Basin Water	351,900
Capital assets	13,461,324
Amounts available for debt	<u>202,395</u>
Total assets	\$18,107,706
 <u>Liabilities</u>	
Current liabilities	1,041,318
Long-term liabilities	<u>8,399,973</u>
Total liabilities	\$ 9,441,291
 <u>Net assets</u>	
Investment in capital assets – net of related debt	\$ 4,819,693
Unrestricted	<u>3,846,722</u>
Total net assets	<u>\$ 8,666,415</u>

Statement of Revenues

Total revenue increased by \$281,360 or 7.9% from 2005. User fees increased by 8.1% from 2005 from fee increases and new connections hooked up during the year.

Condensed Statement of Revenues

Revenue	<u>FY 2006</u>	<u>FY 2005</u>	<u>Net Change 2006-2005</u>
User fees	\$2,659,074	\$2,460,540	\$ 198,534
Interest Income	58,176	39,475	18,701
Service			
Connection fees	63,976	55,870	8,106
Construction	3,582	2,725	857
Inclusion fees	73,431	43,254	30,177
Miscellaneous	26,087	32,221	(6,134)
Impact fees	337,206	270,615	66,591
Developer Donations	<u>611,038</u>	<u>646,510</u>	<u>(35,360)</u>
Total	<u>\$3,832,570</u>	<u>\$3,551,210</u>	<u>\$ 281,360</u>

Statement of Expenses

Total expenses for 2006 were \$2,808,559 compared to total expenses for 2005 of \$2,733,126.

Condensed Statement of Expenses

Expenses	<u>FY2006</u>	<u>FY 2005</u>	<u>Net Change</u> <u>2006 - 2005</u>
General administrative overhead	\$ 231,866	\$ 225,937	\$ 5,929
Engineering expenses	153,849	140,462	13,387
Office salaries and expenses	59,110	57,076	2,034
Operations and maintenance	1,599,231	1,592,558	6,673
Water assessments	189,394	194,958	(5,564)
Interest Expense	47,466	36,733	10,733
Depreciation	<u>527,643</u>	<u>485,402</u>	<u>42,241</u>
Total Expenses	<u>\$2,808,559</u>	<u>\$2,733,126</u>	<u>\$ 75,433</u>

Statement of Changes in Net Assets

Below is a condensed statement of changes in net assets for the District for 2006.

Condensed Statement of changes in net assets

Revenues	\$3,832,570
Expenses	<u>2,808,559</u>
Change in net assets	\$1,024,011
Net assets – beginning of year	7,511,481
Adjustments to net assets	<u>130,923</u>
Net assets – end of year	<u>\$8,666,415</u>

WEBER-BOX ELDER CONSERVATION DISTRICT

Statement of Net Assets

December 31, 2006

Assets

Current assets:

Cash (note 2)	\$ 552,328	
Accounts receivable (note 3)	437,862	
Prepaid items	<u>214,839</u>	
Total current assets		\$ 1,205,029

Restricted assets:

Debt service trust		83,108
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Investments (note 4):

Ogden River Water Users Association	2,651,040	
Cold Water Irrigation Company	9,235	
North Ogden Irrigation Company	41,835	
Rice Creek Irrigation Company	1,983	
Little Missouri Irrigation Company	280	
Plain City Irrigation Company	4,250	
Dinsdale Water Company	8,010	
Mountain Water Company	5,626	
Western Irrigation Company	75,111	
Bertinotti Irrigation Company	5,697	
Lynn Irrigation Company	83	
Three Mile Creek Company	<u>800</u>	
Total investments		2,803,950

Permanent water rights subscribed to in Weber Basin
Water Conservation District (note 7)

351,900

Capital assets less accumulated depreciation of
\$6,106,982 (notes 1 and 9)

13,461,324

Amounts available for debt

202,395

Total assets

18,107,706

Liabilities

Current liabilities:

Long-term liabilities - current portion (note 6)	614,767	
Accounts payable (note 5)	412,551	
Deferred revenue	<u>14,000</u>	
Total current liabilities		1,041,318

Long-term liabilities less current portion (note 6)

8,399,973

Total liabilities

9,441,291

Net Assets

Investment in capital assets - net of related debt
Unrestricted

4,819,693
3,846,722

Total net assets

\$ 8,666,415

See independent auditors' report and notes to financial statements.

WEBER-BOX ELDER CONSERVATION DISTRICT

Statement of Revenue, Expenses and Changes in Net Assets

Year Ended December 31, 2006

Income from operations:		
User fees	\$ 2,659,074	
Service connection fees	63,976	
Construction	3,582	
Inclusion fees	73,431	
Miscellaneous	26,087	
Impact fees	337,206	
Developer donations	<u>611,038</u>	
Total income from operations		\$ 3,774,394
Expenses:		
General administrative and overhead	231,866	
Engineering	153,849	
Office salaries and expenses	59,110	
Operation and maintenance	1,599,231	
Water assessments	189,394	
Depreciation	<u>527,643</u>	
Total expenses		<u>2,761,093</u>
Net income from operations		1,013,301
Non-operating income and expenses:		
Interest income	58,176	
Interest expense	<u>(47,466)</u>	
Net non-operating income and expenses		<u>10,710</u>
Change in net assets		1,024,011
Net assets - beginning of year		7,511,481
Adjustments to net assets (note 11)		<u>130,923</u>
Net assets - end of year		<u>\$ 8,666,415</u>

See independent auditors' report and notes to financial statements.

WEBER-BOX ELDER CONSERVATION DISTRICT

Statement of Cash Flows

Year Ended December 31, 2006

Cash flows from operating activities:	
Receipts from customers	\$ 3,423,156
Payments to suppliers	(1,928,473)
Payments to employees	<u>(400,727)</u>
Net cash provided by operating activities	\$ 1,093,956
Cash flows from investing activities:	
Interest received	58,176
Purchase of investments	<u>(3,502)</u>
Net cash provided by investing activities	54,674
Cash flows from capital and related financing activities:	
Interest paid	(47,466)
Purchase of capital assets	(152,070)
Principal paid on long-term debt	<u>(602,413)</u>
Net cash used by capital and related financial activities	<u>(801,949)</u>
Net increase in cash	346,681
Cash - beginning of year	<u>205,647</u>
Cash - end of year	\$ <u><u>552,328</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Income from operations	\$ 1,013,301
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	527,643
Decrease in amounts available for debt	422,169
Decrease in accounts receivable	227,647
Increase in prepaid items	(1,242)
Decrease in accounts payable	(516,677)
Increase in deferred revenue	9,600
Cost of capital assets sold	22,553
Developer donations	<u>(611,038)</u>
Net cash provided by operating activities	\$ <u><u>1,093,956</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets from developers	\$ <u><u>611,038</u></u>

See independent auditors' report and notes to financial statements.

WEBER-BOX ELDER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2006

(1) Organization and Summary of Significant Accounting Policies

A. Organization

The District is a municipal corporation organized to store and distribute irrigation water.

The District is operated jointly with Ogden River Water Users Association and South Ogden Conservation District, the joint operation of which is known as the Pine View Water System. The land, buildings and equipment are also jointly owned by the association and the two conservation districts, with related costs allocated between the three organizations. All expenses which cannot be specifically designated as belonging to one organization are generally allocated on each organization's use.

B. GASB Statement No. 40 - *Deposit and Investment Risk Disclosures*

Weber-Box Elder Conservation District has implemented GASB Statement 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*. As a result, the disclosure in note 2 related to the District's deposit and investment risks have been changed.

C. Accounting Method

The District uses the accrual method of accounting to record its transactions. All applicable Financial Accounting Standards Board pronouncements issued prior to December 1, 1989 are being applied except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

D. Reporting Entity

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. A second criterion used in evaluating potential component units is the scope of public services. Application for this criterion involves considering whether the activity benefits the government, and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units.

E. Fund Accounting

The accounts of the District are organized as one proprietary fund type specifically as an enterprise fund. Proprietary funds account for the flow of economic resources and use the accrual basis for accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Enterprise funds account for operations that are financed and operated in a manner similar to private business or where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

F. Capital Assets:

The water distribution system, which has been constructed by the United States Government, has been included as an asset of the District although title to the system remains with the U.S. Government.

Depreciation is recorded on capital assets using the straight-line method over their estimated useful lives.

WEBER-BOX ELDER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(1) Organization and Summary of Significant Accounting Policies - Continued

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

Deposits and investments for the District are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The District's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The District's deposits at December 31, 2006 were \$1,813,854 of which \$1,713,854 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk of investments.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The District is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the District's investments at December 31, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ <u>739,192</u>	69 days*	not rated

*Weighted-average maturity

WEBER-BOX ELDER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(2) Deposits and Investments - Continued

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the District's investments are noted in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Accounts Receivable

Most of the accounts receivable are user fees collected by Weber and Box Elder Treasurers during the respective year and remitted subsequent to the year end, in the amount of \$430,393.

(4) Investments

The investment in Ogden River Water Users Association represents the share of the District's interest in Pine View Dam and the Highline Canals, and is the accumulated total of the annual assessments paid to Ogden River Water Users Association by the District to cover its proportionate share of the repayment contract to the government for the construction of the original Pine View Dam and distribution system. The investment is evidenced by the original shares in the association.

The District also owns shares of water stock in various local water companies. At December 31, 2006, the District had pledged 1,240 shares of its stock in North Ogden Irrigation Company as collateral on its loan with the Utah State Division of Water Resources.

(5) Accounts Payable

Included in the accounts payable at December 31, 2006 are reimbursable expenses made by South Ogden Conservation District and Ogden River Water Users Association for Weber-Box Elder Conservation District which had not been reimbursed by the District by the end of the year.

(6) Long-Term Liabilities

During 1961 and 1962, a pressure irrigation system was constructed for part of the District. The Small Project Administration of the United States Government financed \$302,458 of the cost of the contract. Repayment is to be made over fifty years with varying yearly payments. The largest payments are to be made in the sixteenth through twenty-fifth years.

The liabilities to the State of Utah - Division of Water Resources are the balances of advances for development of unit pipelines.

The liability to Ogden River Water Users Association is the balance owing on the subscription of Class II stock.

WEBER-BOX ELDER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(6) Long-Term Liabilities - Continued

Long-term liabilities consists of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding Balance 2006</u>
Utah State Division of Water Resources - contract dated September 23, 1981	5%	3-1-2031	\$ 317,191
Utah State Division of Water Resources - contract dated August 14, 1982	5	3-1-2017	508,891
Utah State Division of Water Resources - contract dated August 13, 1987	5	3-1-2019	1,223,721
Utah State Division of Water Resources - contract dated October 26, 1990	5	3-1-2008	49,209
Utah State Division of Water Resources - contract dated December 1, 1997	5	3-1-2012	239,939
Utah State Division of Water Resources - contract dated March 1, 1999	1.2	3-1-2024	1,912,680
Water revenue refunding bonds - series 2002A	0	5-1-2021	955,000
Water revenue bonds - series 2002B	4.00 to 5.25	7-1-2020	3,435,000
Ogden River Water Users Association contract for purchase of 3,570 acre feet of water	0	12-1-2021	169,199
Weber Basin Water Conservancy District contract for purchase of 1,955 acre feet of water	0	12-1-2041	203,910
Total			<u>9,014,740</u>
Less current portion			<u>614,767</u>
Long-term debt less current portion			<u>\$ 8,399,973</u>

Changes in long-term liabilities:

	<u>Balance January 1 2006</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31 2006</u>
Contracts to finance water systems	\$ 4,668,209	-	416,578	4,251,631
Contracts to purchase water	387,006	-	13,897	373,109
Water revenue bonds	<u>4,565,000</u>	-	<u>175,000</u>	<u>4,390,000</u>
Total	<u>\$ 9,620,215</u>	<u>-</u>	<u>605,475</u>	<u>9,014,740</u>

Minimum payments on long-term liabilities are as follows:

2007	\$ 614,767
2008	574,976
2009	465,348
2010	443,836
2011	396,897
2012-2016	2,023,376
2017-2021	2,784,485
2022-2026	599,485
2027-2031	291,605
2032-2036	259,325
2037-2041	257,960
2042-2046	230,000
2047-2048	<u>72,680</u>
	<u>\$ 9,014,740</u>

WEBER-BOX ELDER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(6) Long-Term Liabilities - Continued

Advance Refunding:

In 2002 the District issued \$4,070,000 of program revenue refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$3,955,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's books. This advance refunding was undertaken to reduce total debt service payments over the remaining 18 years by \$239,866 and resulted in an economic loss of \$9,080.

(7) Weber Basin Water Conservancy District - Permanent Water Rights

Weber-Box Elder Conservation District entered into a contract during 1980 and one during 1982 to purchase water rights from Weber Basin Water Conservancy District. The two contracts are for 455 and 1,500 acre feet of water with repayment to be made over a period of sixty years. The stipulated price is \$3 per acre foot per year for both contracts.

(8) Retirement Plans

All payroll functions and contributions to retirement plans are handled by the South Ogden Conservation District, a related entity. Information pertaining to the District's retirement plans can be obtained from the annual report of the South Ogden Conservation District.

(9) Changes in Capital Assets

	Balance January 1 2006	Additions	Deletions	Balance December 31 2006
Buildings	\$ 317,910	-	-	317,910
Machinery and equipment	554,668	72,674	56,099	571,243
Water distribution system	17,988,720	690,433	-	18,679,153
Total	<u>\$18,861,298</u>	<u>763,107</u>	<u>56,099</u>	<u>19,568,306</u>

(10) Risk Management

Weber-Box Elder Conservation District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disaster for which the District carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At December 31, 2006, there were no outstanding claims or judgements against the District. Settlements did not exceed insurance coverage for each of the past three years.

(11) Adjustments to Net Assets

Net assets were increased by \$130,923 which represents an increase in the investment in Ogden River Water Users Association due to the association making payments on its debt.

(12) Subsequent Event

On March 31, 2007 the Board of Trustees approved the issuance of a \$2,000,000 water revenue bond.

SUPPLEMENTAL INFORMATION

WEBER-BX ELDER CONSERVATION DISTRICT
Schedule of Impact fees
December 31, 2006

Projects by Unit												
	A	B	C	D	H	I	J	K	L	P	Total	
2002												
Beginning Balance	\$ 1,083	\$ 2,748	\$ 59,887	\$ 5,998	\$ 11,442	\$ 123,514	\$ 31,934	\$ 512,078	\$ 24,066	\$ 438,965	\$ 1,211,715	
Impact fees collected	530	1,015	4,163	9,663	11,902	180,402	10,817	104,607	5,230	80,876	409,205	
Interest earned	24	62	1,348	135	257	2,779	719	11,523	542	9,878	27,267	
Impact fees expended	-	-	-	-	23,344	35,079	-	448,196	-	175,739	682,358	
Ending Balance	\$ 1,637	\$ 3,825	\$ 65,398	\$ 15,796	\$ 257	\$ 271,616	\$ 43,470	\$ 180,012	\$ 29,838	\$ 353,980	\$ 965,829	
2003												
Impact fees collected	\$ 344	\$ -	\$ 8,513	\$ 1,143	\$ 13,827	\$ 45,051	\$ 5,943	\$ 213,970	\$ 6,187	\$ 49,428	\$ 344,406	
Interest earned	28	64	1,102	266	4	4,576	732	3033	503	5964	16,272	
Impact fees expended	3,517	4,590	693	10,883	30,434	14,554	362	313,686	31,857	42,662	453,238	
Ending Balance	\$ (1,508)	\$ (701)	\$ 74,320	\$ 6,322	\$ (16,346)	\$ 306,689	\$ 49,783	\$ 83,329	\$ 4,671	\$ 366,710	\$ 873,269	
2004												
Impact fees collected	\$ 1,478	\$ 632	\$ 3,499	\$ 2,765	\$ 19,855	\$ 14,569	\$ 600	\$ 179,121	\$ 11,818	\$ 56,217	\$ 290,554	
Interest earned	30	69	1,186	287	5	4,928	789	3,266	541	6,422	17,523	
Impact fees expended	-	-	71,750	9,033	3,514	144,811	790	265,716	17,030	65,662	578,306	
Ending Balance	\$ -	\$ -	\$ 7,255	\$ 341	\$ -	\$ 181,375	\$ 50,382	\$ -	\$ -	\$ 363,687	\$ 603,040	
2005												
Impact fees collected	\$ 3,246	\$ 489	\$ 5,452	\$ 16,736	\$ 10,743	\$ 27,308	\$ 1,801	\$ 105,502	\$ 15,794	\$ 83,544	\$ 270,615	
Interest earned	37	85	1,457	352	6	6,053	969	4,012	665	7,888	21,524	
Impact fees expended	3,283	574	14,164	17,429	10,749	99,704	1,710	109,514	16,459	60,000	333,586	
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,032	\$ 51,442	\$ -	\$ -	\$ 395,119	\$ 561,593	
2006												
Impact fees collected	\$ 2,740	\$ 363	\$ 4,053	\$ 1,501	\$ 13,367	\$ 75,574	\$ -	\$ 137,758	\$ 9,632	\$ 92,217	\$ 337,205	
Interest earned	1	2	179	14	-	3,849	1,054	82	14	7,634	12,829	
Impact fees expended	2,741	365	4,232	1,515	13,367	146,139	18,768	137,840	9,646	374,621	709,234	
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,316	\$ 33,728	\$ -	\$ -	\$ 120,349	\$ 202,393	



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Legal Compliance Report

To the Board of Directors
Weber-Box Elder Conservation District
Ogden, Utah

We have audited the financial statements of the Weber-Box Elder Conservation District for the year ended December 31, 2006, and have issued our report thereon dated June 27, 2007. As part of our audit, we have audited Weber-Box Elder Conservation District's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other Compliance Requirements
Special Districts General Compliance
Impact Fees

The District received no financial assistance from the state. The management of Weber-Box Elder Conservation District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an instance of noncompliance with the requirements referred to above, which is outlined in the accompanying Schedule of Findings and Questioned Costs.

In our opinion, except for the instance of noncompliance mentioned above, Weber-Box Elder Conservation District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

Crane Christensen & Ambrose

June 27, 2007

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WEBER-BOX ELDER CONSERVATION DISTRICT

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

PROGRAM: CASH MANAGEMENT

FINDING: The District had no treasurer fidelity bond in force at December 31, 2006.

QUESTIONED COSTS: None

RECOMMENDATION: We suggest the District obtain a fidelity bond greater than the amount specified by Utah Code.

DISTRICT'S REPLY: The District is in the process of obtaining fidelity bond coverage of the required amount.



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Directors
Weber-Box Elder Conservation District
Ogden, Utah

We have audited the financial statements of Weber-Box Elder Conservation District as of and for the year ended December 31, 2006, and have issued our report thereon dated June 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Crane Christensen & Ambrose

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